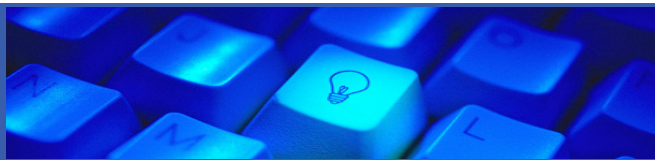


Unemployment Insurance Agency MICHIGAN EMPLOYER ADVISOR

Fall 2013

FROM THE
director



Dear Employer:

2013 has brought many changes to the Michigan's Unemployment Insurance system for both employers and claimants, and the UIA. It was a year of milestones, law changes and program adjustments. Just to name a few:

- In October, we became the first UI system in the country to have an integrated computer system for both employer taxes and unemployment benefits. The overhaul of our 30 year old mainframe computer system to a new customer friendly web-based system is a huge step toward more efficient processing of unemployment benefits and payments and improved customer service.
- As of January 2013, the Unemployment Insurance Agency (UIA) requires a systematic and sustained work search for each week a person claims unemployment benefits. Claimants must report their record of work search at least once a month.
- Several amendments were made to Michigan's UI law, designed to align the state with federal requirements and reduce fraud. You can read about the changes on page 4 in Legislative Updates.
- Another change which affected employers with 25 or more employees this year was the requirement to file quarterly tax reports electronically. In 2014, this requirement expands to employers with more than 5 employees. Make sure you read the story on page 2 for more information.
- The Emergency Unemployment Compensation (EUC) program is ending as of December 28, 2013. Unless Congress passes another law, there will be no more federal benefit extensions for unemployed workers. The EUC program, which provides benefits after a person has exhausted their regular state benefits, has been in effect since 2008.
- I was appointed Director of UIA in October, continuing my service with the state's unemployment insurance program which began in 1992.

As we conclude 2013, we thank you for your continued investment in the State of Michigan. We look forward to 2014 and entering into a new era of an integrated, more efficient, customer focused agency.

Shaun Thomas

Shaun Thomas, Director
Unemployment Insurance Agency

THE MICHIGAN EMPLOYER ADVISOR

is an Unemployment
Insurance Agency newsletter
for Michigan Employers about
unemployment insurance.

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UIA
Unemployment Insurance Agency

Electronic Filing Requirement for Quarterly Tax Reports

Employers with more than 5 employees now required to file online

By now, all employers with 25 or more employees should be using the electronic filing method for quarterly taxes in accordance with Section 13(2) of the *Michigan Employment Security Act*. Beginning with the first quarter 2014 return (first quarter reports are due April 25, 2014), all employers with **more than 5** employees will also be required to file their tax reports (UIA 1028) electronically.

As you know, the online filing requirement is being phased in over three years. Starting with the first quarter of 2013, employers with 25 or more employees were required to file online. Beginning with the 2014 tax year, employers with 6 to 24 employees, and beginning in 2015, employers with five or fewer employees will also be required to file their quarterly reports online.

Employers are encouraged to set up their electronic filing capabilities as early as possible. Filing reports online is simple and convenient and can only be done with a MiWAM account. MiWAM also offers many other convenient and helpful features for managing your UIA tax account such as scheduling or making payments, responding to fact finding inquiries, filing UIA tax protests, viewing notices and letters from the Agency and more.

If you haven't registered for a MiWAM account, do it today. Visit the UIA website at michigan.gov/uia or [click here](#) to sign up. To download or view the MiWAM Toolkit, which provides you with everything you need to know about the new system, [click here](#).

Employers with more than 25 employees who continue to file paper UIA 1028 forms will receive a letter from the agency notifying them that their return was not processed. The employers have 15 business days from the mail date to file the return electronically, or late penalties may apply.

★ ★ ★ ★ ★ ★ ★ ★
**KEEP THIS
COUPON**
★ ★ ★ ★ ★ ★ ★ ★

Employer's Quarterly Tax Coupon Compliments Electronic Filing Process

The Unemployment Insurance Agency (UIA) has made it easy for employers to report payments associated with their electronically filed quarterly tax reports Form UIA 1028, *Employer's Quarterly Wage/Tax Report*. Although electronic payment methods are encouraged, some employers may still prefer to pay their unemployment taxes via paper check. In order to expedite the processing and ensure accuracy when crediting payments to an employer's account, the UIA has created a new fillable Form UIA 4101, *Employer's Quarterly Tax Payment Coupon*. With the payment coupon, employers may now specify to which quarter a payment is to be applied, or use it to accompany any payment not designated to a particular quarter. Click the link below for the payment coupon: http://www.michigan.gov/documents/uia/4101-Sample_Tax_Payment_Coupon_436162_7.pdf?20131105151642



Localization of Employment

When an employee performs services in more than one state for a single employer, a test for “localization of employment” must take place to determine to which state to report the employment for the purposes of unemployment insurance purposes.

Many times, employers or their agents report out-state-wages for an employee who has worked in several states in the quarter. In order for the employee to be reported correctly, localization of employment must be determined.

Michigan and most state unemployment compensation laws contain similar tests for determining in which state an employee’s entire services are covered, or localized, if the employee performs services in more than one state for the same employer. In the Michigan Employment Security Act, these tests are covered in Sections 42(2). The application of any of these tests must result in the reporting of the employee’s total earnings to one state or that test does not apply.

TESTS FOR LOCALIZATION OF EMPLOYMENT

These tests refer to the employee and not to the employer and are applied in the order listed below:

Majority of Services

An employee’s services are “localized” in the state in which the majority of the employee’s services are performed, if the service performed in other states is only incidental or temporary in nature.

Base of Operation

If Test No. 1 does not apply, an employee’s services are “localized” in the state in which the base of operations is located, if the employee performed some service in that state.

Place of Direction and Control

If Tests No. 1 and 2 do not apply, an employee’s services are “localized” in the state from which the employee receives direction and if some of the employee’s services is performed in that state.

Residence of Employee

If Tests No. 1, 2, and 3 do not apply, an employee’s services are “localized” in the state in which the employee resides, if some service is performed in that state.

Services not “localized” in any State

If Tests No. 1, 2, 3, and 4 do not apply, the employer may either:

Elect to file, with any state in which the employee performed some service, to cover the employee’s entire services in that state, or

Report a proportionate share of the employee’s earnings in each state in which the employee performed services.

If there are any questions concerning localization of employment, please contact Tax Status at (313) 456-2080, or email EmployerLiability@michigan.gov

WOTC

Submit a WOTC Application through MiWAM

Attention Employers:

You can now submit the application for the Work Opportunity Tax Credit (WOTC) on line through the Michigan Web Account Manager (MiWAM). Filing for the WOTC online will expedite the processing of your tax credit application and enable you to track your tax credit requests. You can also choose to print your own determinations.

If you do not currently have a MiWAM account, You will have to register as a user on MiWAM before you can begin submitting your own applications. For information on how to sign up and how to submit your WOTC application, view or download the [MiWAM Toolkit for WOTC](#), available on the UIA’s WOTC web page. Go to michigan.gov/uia and click on the UIA Quick Link for the Work Opportunity Tax Credit Program.



Michigan Wins NASCIO Recognition Award

The UIA and DTMB were honored by the National Association of State Chief Information Officers (NASCIO) in the 2013 State IT Recognition Awards for Outstanding Achievement in the Field of Information Technology in State Government. Michigan was selected from a field of more than 120 nominees from around the country.

Michigan was a winner in the Data, Information and Knowledge Management category for its Unemployment Insurance Overpayment Recovery project.

DTMB and UIA assembled a project team and undertook a highly disciplined effort that identified areas of potential overpayments, improvements in non-monetary determination timeliness and improvements in the identification of fraud cases. The implemented a web-based case management system designed for UI agencies to detect overpayments and recoup

money owed to agencies. The project was successfully completed and implemented end to end on schedule in five months, achieving the system's first overpayment collections in October 2011. The implementation of the Recover System allowed Michigan to quickly achieve significant overpayment collection improvement in its first full year of operation, resulting in the recovery of \$36.35M, and improvement of 32% over the average fiscal year collections in FY 2009 through 2011. The first year return on investment was 485 percent.



Pure Michigan Business Connect

Pure Michigan Business Connect (PMBC), a public-private initiative developed by the Michigan Economic Development Corporation (MEDC), connects Michigan companies with opportunities to help them grow and expand. By participating in the program, companies can find procurement resources to expand their supply chain, find new business opportunities, access a new business-to-business network and receive business assistance at little to no cost like legal, accounting, and other services.

The PMBC business-to-business (B2B) network links Michigan companies with collaborators and private sector procurement opportunities. Companies such as DTE Energy and Consumers Energy have made major commitments to increase their procurement spending. Other companies are signing on with similar commitments. In addition, MEDC is working to recruit out-of-state businesses to explore supply chain opportunities with Michigan businesses. The system enables posting of procurement opportunities, collaboration needs, and unique offers available to Michigan business accounts. Companies in the system can be both buyers and sellers in a truly dynamic online B2B marketplace.

The B2B portal is free to all Michigan businesses. Learn more about the program and register for the B2B system at www.puremichiganb2b.com.



Legislative Updates

In October, Governor Snyder signed into law several amendments to Michigan's unemployment compensation system.

"These are necessary updates to make sure Michigan is in line with federal requirements," said Governor Snyder. "They will also help strengthen the unemployment insurance system by reducing fraud."

The main bills in the package prioritize the prevention and recovery of improperly paid unemployment benefits, bringing Michigan law in line with federal regulations. The two other bills in the package enact additional requirements to help reduce improper UI benefit payments. In summary, these amendments would:

- Carry out a federal law requiring charging benefits to an employer if the employer has repeatedly failed to provide, on time, accurate information to the Unemployment Insurance Agency (UIA) about a worker's entitlement to benefits.
- Require a claimant for benefits to repay all benefits improperly paid due to lack of information from the employer. Repayment will be required from the date of the first payment but without interest.
- Credit the Unemployment Compensation Fund (the Fund used to pay Michigan unemployment benefits) with 15% of penalties collected for fraudulent overpayments of benefits or underpayment of taxes.
- Disqualify for benefits a worker who refuses to take a pre-employment drug test, or who tests positive for a controlled substance and does not have a valid prescription for that substance.
- Make the claimant liable to pay the service fee charged to the state by the IRS when it intercepts a claimant's federal tax refund to repay the claimant's fraudulently-received state unemployment benefits.

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THE MICHIGAN EMPLOYER ADVISOR

is an Unemployment Insurance Agency periodical for Michigan Employers about unemployment insurance. Submissions should be related to UIA programs and services.



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State of Michigan, Department of Licensing and Regulatory Affairs, Unemployment Insurance Agency, Authority, UIA Director,
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Please direct questions, suggestions and comments to: employeradvisor@michigan.gov